

ORIGINAL



0000170657

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

MAY 8 1 2016

2016 MAY 31 P 12: 29

AZ CORP COMMISSION
DOCKET CLK 70L

DOCKETED BY *[Signature]*

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANTS AND PROPERTY AND
INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02465A-15-0367

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (RIO RICO WATER &
SEWER) CORP., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND INCREASES IN ITS
WATER AND WASTEWATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. WS-02676A-15-0368

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
CORP., AN ARIZONA CORPORATION, FOR
AUTHORITY TO ISSUE EVIDENCE OF
INDEBTEDNESS IN THE AMOUNT NOT TO
EXCEED \$4,700,000.

DOCKET NO. W-02465A-15-0370

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (RIO RICO WATER AND
SEWER) CORP., AN ARIZONA
CORPORATION, FOR AUTHORITY TO ISSUE
EVIDENCE OF INDEBTEDNESS IN THE
AMOUNT NOT TO EXCEED \$8,900,000.

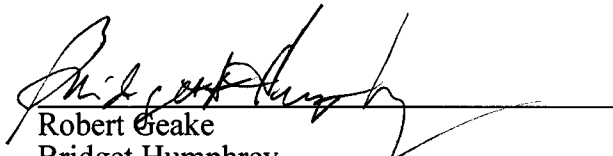
DOCKET NO. WS-02676A-15-0371

NOTICE OF FILING
STAFF'S RATE DESIGN DIRECT TESTIMONY

...

1 The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission")
2 hereby submits the Rate Design Direct Testimony and Exhibits of Staff witness Teresa Hunsaker,
3 regarding the above-captioned dockets.

4 RESPECTFULLY SUBMITTED this 31st day of May, 2016.

5
6 
7 Robert Geake
8 Bridget Humphrey
9 Attorneys, Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007
13 (602) 542-3402

11 **ORIGINAL** and thirteen (13) copies of the
12 foregoing were filed this of 31st day of May,
13 2016, with:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

16 **COPIES** of the foregoing were mailed and/or
17 emailed this 31st day of May, 2016, to:

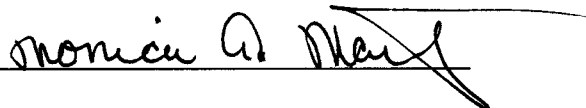
18 Jay Shapiro
19 Shapiro Law Firm, P.C.
20 1819 E. Morten Avenue, Suite 280
21 Phoenix, Arizona 85020
22 jay@shaplawaz.com

21 Todd Wiley
22 Liberty Utilities Corporation
23 12725 W. Indian School Rd. Suite D101
24 Avondale, Arizona 85392

23 Daniel W. Pozefsky, Chief Counsel
24 Residential Utility Consumer Office
25 1110 W. Washington, Suite 220
26 Phoenix, Arizona 85007

Greg Patterson
Munger Chadwick
916 W. Adams, Suite 3
Phoenix, Arizona 85007

Roger Decker
Udall Shumway PLC
1138 N. Alma School Rd., Ste. 101
Mesa, Arizona 85201

27 
28

BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. W-02465A-15-0367
LIBERTY UTILITIES (BELLA VISTA WATER))	
CORP., AN ARIZONA CORPORATION, FOR A)	
DETERMINATION OF THE FAIR VALUE)	
OF ITS UTILITY PLANT AND PROPERTY)	
AND FOR INCREASES IN ITS WATER RATES)	
AND CHARGES FOR UTILITY SERVICE BASED)	
<u>THEREON.</u>)	

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. W-02465A-15-0370
LIBERTY UTILITIES (BELLA VISTA WATER))	
CORP., AN ARIZONA CORPORATION, FOR)	
AUTHORITY TO ISSUE EVIDENCE OF)	
INDEBTEDNESS IN AN AMOUNT NOT TO)	
<u>EXCEED \$4,700,000.</u>)	

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. WS-02676A-15-0368
LIBERTY UTILITIES (RIO RICO WATER &)	
SEWER CORP., AN ARIZONA CORPORATION,)	
FOR A DETERMINATION OF THE FAIR VALUE)	
OF ITS UTILITY PLANT AND PROPERTY)	
AND FOR INCREASES IN ITS WATER AND)	
WASTEWATER RATES AND CHARGES FOR)	
<u>UTILITY SERVICE BASED THEREON.</u>)	

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. WS-02676A-15-0371
LIBERTY UTILITIES (RIO RICO WATER &)	
SEWER CORP., AN ARIZONA CORPORATION,)	
FOR AUTHORITY TO ISSUE EVIDENCE OF)	
INDEBTEDNESS IN AN AMOUNT NOT TO)	
<u>EXCEED \$8,900,000.</u>)	

RATE
DESIGN
DIRECT
TESTIMONY OF
TERESA B. HUNSAKER
PUBLIC UTILITIES ANALYST
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

MAY 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND.....	2
RATE DESIGN.....	3
<i>Bella Vista Water Company</i>	4
<i>Rio Rico Water & Sewer Company – Water Division</i>	7
<i>Rio Rico Water & Sewer Company – Sewer Division</i>	10
OTHER CHARGES	11
<i>Bella Vista Water Company</i>	11
<i>Rio Rico Water and Sewer Company – Water Division (“Rio Rico Water”)</i>	13
<i>Rio Rico Water and Sewer Company – Sewer Division (“Rio Rico Sewer”)</i>	14

SCHEDULES

Bella Vista Water Company

Rate Design	TBH-1
Typical Bill Analysis	TBH-2

Rio Rico Water & Sewer – Water Division

Rate Design	TBH-1
Typical Bill Analysis	TBH-2

Rio Rico Water & Sewer – Sewer Division

Rate Design	TBH-1
Typical Bill Analysis	TBH-2

EXECUTIVE SUMMARY
LIBERTY UTILITIES BELLA VISTA WATER CORP.,
DOCKET NO. W-02465A-15-0367
LIBERTY UTILITIES RIO RICO WATER & SEWER CORP.,
DOCKET NO. WS-02676A-15-0368

INTRODUCTION

Bella Vista Water Company ("Bella Vista")

Bella Vista Water Company ("BV") is a for-profit, Class B public service corporation serving approximately 8,133 residential customers, 1,035 commercial customers, and 189 fire protection customers in portions of Cochise County Arizona. BV is organized under the Liberty Utilities (South) segment of Algonquin Power & Utilities Corporation ("APUC"). BV's current authorized rates and charges were determined in Decision No. 72251, dated April 7, 2011, using a test year ending March 31, 2009.

Rio Rico Water and Sewer Company – Water Division ("Rio Rico Water")

Rio Rico Water ("RRW") is a for-profit, Class B public service corporation serving approximately 6,404 water customers in portions of Santa Cruz County Arizona. RRW is organized under the Liberty Utilities (South) segment of APUC. RRW's current authorized rates and charges were determined in Decision No. 73996, dated July 30, 2013, using a test year ending February 29, 2012.

Rio Rico Water and Sewer Company – Sewer Division ("Rio Rico Sewer")

Rio Rico Sewer ("RRS") is a for-profit, Class B public service corporation serving approximately 2,046 wastewater customers in portions of Santa Cruz County Arizona. Rio Rico Sewer is organized under the Liberty Utilities (South) segment of APUC. RRS's current authorized rates and charges were determined in Decision No. 73996 dated July 30, 2013, using a test year ending February 29, 2012.

RATE APPLICATION

Bella Vista

Bella Vista's proposed rates would increase the typical residential bill with median usage of 4,500 gallons for a 5/8 x 3/4 inch meter from \$21.91 to \$29.02, for an increase of \$7.11 or 32.46 percent.

Staff's recommended rates would increase the typical residential bill with median usage of 4,500 gallons for a 5/8 x 3/4 inch meter from \$21.91 to \$25.05, for an increase of \$3.15 or 14.36 percent.

Rio Rico Water

Rio Rico Water's proposed rates would increase the typical residential bill with median usage of 5,000 gallons for a 5/8 x 3/4 inch meter from \$25.89 to \$31.90, for an increase of \$6.01 or 23.21 percent.

Staff's recommend rates would increase the typical residential bill with median usage of 5,000 gallons for a 5/8 x 3/4 inch meter from \$25.89 to \$29.58, for an increase of \$3.69 or 14.25 percent.

Rio Rico Sewer

Rio Rico Sewer's proposed rates would increase the typical residential bill flat rate from \$49.00 to \$54.83, for an increase of \$5.83 or 11.90 percent.

Staff's recommends no change to the current rate design. Staff recommends the typical residential bill flat rate of \$49.00.

RATE DESIGN

Staff recommends approval of its recommended rate design and service charges for Bella Vista, Rio Rico Water and Rio Rico Sewer as shown on the attached schedules.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Teresa B. Hunsaker. I am a Public Utilities Analyst III employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My
5 business address is 1200 West Washington Street, Phoenix, Arizona 85007.
6

7 **Q. Are you the same Teresa B. Hunsaker who previously filed direct testimony pertaining**
8 **to rate base, operating revenues and expenses and the revenue requirement on behalf**
9 **of Staff in these consolidated dockets Liberty Utilities (Bella Vista Water), Corp. ("Bella**
10 **Vista" or "BV") and Liberty Utilities (Rio Rico Water & Sewer), Corp. ("Rio Rico" or**
11 **"RR") for these cases?**

12 A. Yes, I am.
13

14 **Q. What is the scope of your testimony in this case?**

15 A. I am presenting Staff's analysis and recommendations regarding Bella Vista's and Rio Rico's
16 applications for a permanent increase in its rates and charges for water utility service within
17 Cochise and Santa Cruz Counties, Arizona respectively. Bella Vista and Rio Rico ("Liberty
18 BV/RR") filed motions to consolidate both Rate Dockets and both Finance Dockets.
19

20 **Q. What is the basis of your testimony in this filing?**

21 A. Based on the adjustments and revenue requirement recommended by Staff, I am presenting
22 Staff's recommended rate design for Bella Vista, Rio Rico Water & Sewer Company – Water
23 Division ("Rio Rico Water" or "RRW") and Rio Rico Water & Sewer Company – Sewer
24 Division ("Rio Rico Sewer" or "RRS").
25
26

1 **BACKGROUND**

2 *Bella Vista Water Company*

3 **Q. Please review the background of Bella Vista's application.**

4 A. Bella Vista is a for-profit, Class B public service corporation serving approximately 8,133
5 residential customers, 1,035 commercial customers, and 189 fire protection customers in
6 portions of Cochise County, Arizona. Bella Vista is organized under the Liberty Utilities
7 (South) segment of Algonquin Power & Utilities Corporation ("APUC"). Bella Vista's last rate
8 increase was approved in Decision No. 72251 dated April 7, 2011.

9
10 *Rio Rico Water and Sewer Company – Water Division ("Rio Rico Water")*

11 **Q. Please review the background of the Rio Rico Water's application.**

12 A. Rio Rico Water is a for-profit, Class B public service corporation serving approximately 6,404
13 water customers in portions of Santa Cruz County, Arizona. Rio Rico Water is organized under
14 the Liberty Utilities (South) segment of APUC. Rio Rico Water's last rate increase was
15 approved in Decision No. 73996, dated July 30, 2013.

16
17 *Rio Rico Water and Sewer Company – Sewer Division ("Rio Rico Sewer")*

18 **Q. Please review the background of the Rio Rico Sewer's application.**

19 A. Rio Rico Sewer is a for-profit, Class B public service corporation serving approximately 2,046
20 wastewater customers in portions of Santa Cruz County, Arizona. Rio Rico Sewer is organized
21 under the Liberty Utilities (South) segment of APUC. Rio Rico Sewer's last rate increase was
22 approved in Decision No. 73996, dated July 30, 2013.

23

RATE DESIGN

Q. Has Staff prepared schedules summarizing the present, Company proposed, and Staff recommended rates and service charges for Bella Vista, Rio Rico Water and Rio Rico Sewer?

A. Yes. Schedule TBH-1 for Bella Vista, Rio Rico Water and Rio Rico Sewer provides a summary of the Company's present, Company's proposed, and Staff's recommended rates.

Q. Please briefly describe Liberty BV/RR's proposed changes to rates.

A. Bella Vista and Rio Rico Water propose different monthly usage charges and commodity rates by customer classes. Bella Vista and Rio Rico Water propose to continue the current break-over points and commodity rate structure for all customer classes. Rio Rico Water proposes a flat commodity rate per 1,000 gallons for Morningstar Ranch Community Association. Rio Rico Sewer continues to propose a monthly customer charge (flat rate). Schedules TBH-1 for Bella Vista, Rio Rico Water and Rio Rico Sewer provide a summary of the Company's present, Company's proposed, and Staff's recommended rates.

Q. Please briefly describe the Staff recommended rates for Liberty BV/RR.

A. Staff's recommended rates are designed to produce the revenue requirement as established in the prior Staff testimony filed in this Docket. These rates employed inverted block structures, where the price per unit for the commodity component of the bill increases as the usage increases. This is designed specifically to send a pricing signal that encourages the efficient use of scarce water resources. Staff concurs with, and has incorporated the Company's number of tiers and break-over points in Staff's recommended rate design.

1 **Q. Besides setting rates to earn the revenue requirement as determined by previous**
2 **testimony, did Staff consider any other factors in setting rates?**

3 A. Yes. Staff's recommended rates include Staff's "normalization" of the billing determinants.
4 This normalization is intended to adjust rates to reflect the reduction in sales due to the
5 declining average usage-per-customer in the residential classes across Bella Vista, Rio Rico
6 Water and Rio Rico Sewer. In order for Staff to accomplish this, Staff adjusted the target
7 revenue for the residential class in each division.
8

9 ***Bella Vista Water Company***

10 **Q. Please summarize the monthly minimum portion of Bella Vista's present rate design.**

11 A. The present monthly minimum charges by meter size as follows: 5/8 x 3/4-inch \$15.00; 3/4-
12 inch \$15.00; 1-inch \$35.00; 1 1/2-inch \$70.00; 2-inch \$120.00; 3-inch \$240.00; 4-inch \$375.00;
13 6-inch \$750.00 and 8-inch \$1,200.00. No gallons are included in the monthly minimum charge.
14

15 **Q. Please summarize the commodity portion of Bella Vista's present rate design.**

16 A. The commodity charges for 5/8 x 3/4-inch and 3/4-inch residential customers are \$1.45 per
17 thousand gallons for zero to 4,000 gallons, \$2.21 per thousand gallons for 4,001 to 10,000
18 gallons, and \$2.72 per thousand gallons for any consumption over 10,000 gallons. The 1-inch
19 and larger residential, commercial, construction, and industrial classes (up to 8-inch meters)
20 commodity break-over points vary by meter size with \$2.21 per thousand gallons first-tier
21 commodity rate and a \$2.72 per thousand gallons commodity rate for any consumption over
22 the first-tier. The present commodity rate for larger industrial meters of 10-inches is not
23 presently included in its rate design. The present commodity rate for standpipe or bulk
24 customers is a flat \$2.72 per thousand gallons.
25
26

1 **Q. Please summarize the monthly minimum portion of Bella Vista's proposed rate design.**

2 A. Bella Vista is proposing monthly minimum charges by meter size as follows: 5/8 x 3/4-inch
3 \$19.20; 3/4-inch \$28.80; 1-inch \$48.00; 1 1/2-inch \$96.00; 2-inch \$153.60; 3-inch \$307.20; 4-
4 inch \$480.00; 6-inch \$960.00, 8-inch \$1,536.00, 10-inch \$2,208.00 and 12-inch \$4,128.00. No
5 gallons are included in the monthly minimum charge.

6
7 **Q. Please summarize the commodity portion of Bella Vista's proposed rate design.**

8 A. The commodity charges for 5/8 x 3/4-inch and 3/4-inch residential customers are \$2.07 per
9 thousand gallons for zero to 4,000 gallons, \$3.07 per thousand gallons for 4,001 to 10,000
10 gallons, and \$3.82 per thousand gallons for any consumption over 10,000 gallons. The 1-inch
11 and larger residential, commercial, construction, and industrial classes commodity break-over
12 points vary by meter size with \$3.07 per thousand gallons first-tier commodity rate and a \$3.82
13 per thousand gallons commodity rate for any consumption over the first-tier. The proposed
14 commodity rate for standpipe or bulk customers is a flat \$3.82 per thousand gallons.

15
16 **Q. Please summarize the monthly minimum portion of Staff's recommended rate design
17 for Bella Vista.**

18 A. Staff is recommending different monthly minimum charges by meter size. Staff's
19 recommended rates and charges are presented on Schedule TBH-1. Staff's recommended
20 monthly minimum charges by residential and commercial customers are as follows: 5/8 x 3/4-
21 inch \$16.75; 3/4-inch \$25.13; 1-inch \$41.88; 1 1/2-inch \$83.75; 2-inch \$134.00; 3-inch \$268.00;
22 4-inch \$418.75; 6-inch \$837.50; 8-inch \$1,340.00; 10-inch \$1,926.25 and 12-inch \$3,601.25.
23 Staff's recommended private fire service is 2 percent of the equivalent monthly meter size or
24 \$10.00 whichever is greater for all meter sizes. No gallons are included in the monthly
25 minimum charge.

26

1 **Q. Please summarize the commodity portion of Staff's recommended rate design for Bella**
2 **Vista.**

3 A. Staff recommends the commodity charges for 5/8 x 3/4-inch and 3/4-inch residential
4 customers be \$1.76 per thousand gallons for zero to 4,000 gallons, \$2.53 per thousand gallons
5 for 4,001 to 10,000 gallons, and \$3.13 per thousand gallons for any consumption over 10,000
6 gallons. Staff recommends the commodity charges for 5/8 x 3/4-inch and 3/4-inch
7 commercial customers be \$2.53 per thousand gallons for zero to 4,000 gallons, and \$3.13 per
8 thousand gallons for any consumption over 4,000 gallons. The 1-inch and larger residential,
9 commercial, construction, and industrial classes commodity break-over points vary by meter
10 size with \$2.53 per thousand gallons first-tier commodity rate and an \$3.13 per thousand gallons
11 commodity rate for any consumption over the first-tier. The proposed commodity rate for
12 standpipe or bulk customers is a flat \$3.13 per thousand gallons.

13
14 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in Bella**
15 **Vista?**

16 A. Bella Vista's proposed rates would increase the typical 5/8 x 3/4-inch meter residential
17 customer's monthly bill with a median usage of 4,500 gallons by \$7.11 or 32.46 percent, from
18 \$21.91 to \$29.02. Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter
19 residential customer's monthly bill with a median usage of 4,500 gallons by \$3.15 or 14.36
20 percent, from \$21.91 to \$25.05. A typical bill analysis is provided on Schedule TBH-2.

21
22 **Q. What is Bella Vista's rate structure under present, Company's proposed and Staff's**
23 **recommended rates for Bella Vista?**

24 A. Under present rates approximately 52.01 percent of revenue is coming from the monthly
25 minimum and 47.99 percent from the commodity charges. Under Bella Vista's proposed rates,
26 approximately 49.71 percent of revenue is coming from the monthly minimum and 50.29

1 percent is from the commodity charges. Under Staff's recommended rates, approximately
2 51.60 percent is coming from the monthly minimum and 48.40 percent is from the commodity
3 charges.

4
5 ***Rio Rico Water & Sewer Company – Water Division***

6 **Q. Please summarize the monthly minimum portion of Rio Rico Water's present rate**
7 **design.**

8 A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch \$15.46;
9 3/4-inch \$23.19; 1-inch \$38.65; 1 1/2-inch \$77.30; 2-inch \$123.68; 3-inch \$247.36; 4-inch
10 \$366.50; 6-inch \$773.00, 8-inch \$1,236.80, 10-inch \$1,777.90, 12-inch \$3,323.90 and
11 Morningstar Ranch \$549.00. No gallons are included in the monthly minimum charge.

12
13 **Q. Please summarize the commodity portion of Rio Rico Water's present rate design.**

14 A. The commodity charges for 5/8 x 3/4-inch meters for all classes are \$1.49 per thousand gallons
15 for zero to 3,000 gallons, \$2.98 per thousand gallons for 3,001 to 9,000 gallons, and \$3.49 per
16 thousand gallons for any consumption over 9,000 gallons. The 3/4-inch meters for all classes
17 are \$2.98 per thousand gallons for zero to 4,000 gallons, \$3.49 per thousand gallons for any
18 consumption over 4,000 gallons. The 1-inch and larger residential, commercial, construction,
19 and industrial (up to 8-inch meters) classes commodity break-over points vary by meter size
20 with \$2.98 per thousand gallons first-tier commodity rate and an \$3.49 per thousand gallons
21 commodity rate for any consumption over the first-tier. The present commodity rate for
22 Morningstar Ranch is \$4.79 per thousand gallons.

1 **Q. Please summarize the monthly minimum portion of Rio Rico Water's proposed rate**
2 **design.**

3 A. Rio Rico Water is proposing monthly minimum charges by meter size as follows: 5/8 x 3/4-
4 inch \$18.90; 3/4-inch \$28.35; 1-inch \$47.25; 1 1/2-inch \$94.50; 2-inch \$151.20; 3-inch \$302.40;
5 4-inch \$472.50; 6-inch \$945.00, 8-inch \$1,512.00, 10-inch \$2,173.50, 12-inch \$4,063.50 and
6 Morning Star Ranch \$671.00. No gallons are included in the monthly minimum charge.

7
8 **Q. Please summarize the commodity portion of Rio Rico Water's proposed rate design.**

9 A. The commodity charges for 5/8 x 3/4-inch meters for all classes are \$1.94 per thousand gallons
10 for zero to 3,000 gallons, \$3.59 per thousand gallons for 3,001 to 9,000 gallons, and \$4.34 per
11 thousand gallons for any consumption over 9,000 gallons. The 3/4-inch meters for all classes
12 are \$3.59 per thousand gallons for zero to 4,000 gallons and \$4.34 per thousand gallons for any
13 consumption over 4,000 gallons. The 1-inch and larger residential, commercial, construction,
14 and industrial classes commodity break-over points vary by meter size with \$3.59 per thousand
15 gallons first-tier commodity rate and an \$4.34 per thousand gallons commodity rate for any
16 consumption over the first-tier. The proposed commodity rate for Morningstar Ranch
17 customers is a flat \$5.64 per thousand gallons.

18
19 **Q. Please summarize the monthly minimum portion of Staff's recommended rate design**
20 **for Rio Rico Water.**

21 A. Staff is recommending monthly minimum charges by meter size. Staff's recommended rates
22 and charges are presented on Schedule TBH-1. Staff's recommended monthly minimum
23 charges for all customer classes are as follows: 5/8 x 3/4-inch \$17.50; 3/4-inch \$26.25; 1-inch
24 \$43.75; 1 1/2-inch \$87.50; 2-inch \$140.00; 3-inch \$280.00; 4-inch \$437.50; 6-inch \$875.00, 8-
25 inch \$1,400.00, 10-inch \$2,012.50, 12-inch \$3,762.50 and Morning Star Ranch \$610.00. Staff's
26 recommended private fire service is 2 percent of the monthly minimum for a comparable size

1 meter, but no less than that \$10.00 per month. No gallons are included in the monthly
2 minimum charge.

3
4 **Q. Please summarize the commodity portion of Staff's recommended rate design for Rio**
5 **Rico Water.**

6 A. Staff recommends the commodity charges for 5/8 x 3/4-inch meter for all customer classes be
7 \$1.80 per thousand gallons for zero to 3,000 gallons, \$3.34 per thousand gallons for 3,001 to
8 9,000 gallons, and \$4.00 per thousand gallons for any consumption over 9,000 gallons. The
9 3/4-inch meter for all customer classes should be \$3.34 per thousand gallons for zero to 4,000
10 gallons and \$4.00 per thousand gallons for any consumption over 4,000 gallons. The 1-inch
11 and larger residential, commercial, construction, and industrial classes commodity break-over
12 points vary by meter size with \$3.34 per thousand gallons first-tier commodity rate and a \$4.00
13 per thousand gallons commodity rate for any consumption over the first-tier. Staff
14 recommends the commodity rate for Morningstar Ranch be a flat \$5.20 per thousand gallons.

15
16 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in Rio**
17 **Rico Water?**

18 A. Rio Rico Water's proposed rates would increase the typical 5/8 x 3/4-inch meter residential
19 customer's monthly bill with a median usage of 5,000 gallons by \$6.01 or 23.21 percent from
20 \$25.89 to \$31.90. Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter
21 residential customer's monthly bill with a median usage of 5,000 gallons by \$3.69 or 14.25
22 percent from \$25.89 to \$29.58. A typical bill analysis is provided on Schedule TBH-2.

1 **Q. What is Rio Rico Water's rate structure under present, Company's proposed and Staff's**
2 **recommended rates for Rio Rico Water?**

3 A. Under present rates approximately 44.48 percent of revenue is coming from the monthly
4 minimum and 55.52 percent from the commodity charges. Under Rio Rico Water's proposed
5 rates, approximately 44.22 percent of revenue is coming from the monthly minimum and 55.78
6 percent from the commodity charges. Under Staff's recommended rates, approximately 44.22
7 percent is coming from the monthly minimum and 55.78 percent is from the commodity
8 charges.
9

10 ***Rio Rico Water & Sewer Company – Sewer Division***

11 **Q. Please summarize Rio Rico Sewer's present rate design.**

12 A. The present monthly customer charges by water meter size are as follows: 5/8 x 3/4-inch
13 \$49.00; 3/4-inch \$56.50; 1-inch \$69.10; 1 1/2-inch \$102.00; 2-inch \$141.50; 3-inch \$246.50; 4-
14 inch \$365.40; 6-inch \$694.40, 8-inch \$1,057.78, 10-inch \$1,585.07, and 12-inch \$2,254.08.
15 Commercial and Multi-tenant residential customers pay a commodity charge based on water
16 usage that exceeds 7,000 gallons per month at the rate of \$5.00 per thousand gallons.
17

18 **Q. Please summarize Rio Rico Sewer's proposed rate design.**

19 A. Rio Rico Sewer is proposing monthly customer charges by meter size as follows: 5/8 x 3/4-
20 inch \$54.83; 3/4-inch \$63.22; 1-inch \$77.32; 1 1/2-inch \$114.14; 2-inch \$158.34; 3-inch
21 \$275.83; 4-inch \$408.88; 6-inch \$777.03, 8-inch \$1,183.66, 10-inch \$1,773.69, and 12-inch
22 \$2,522.32. The Company is proposing Commercial and Multi-tenant residential customers pay
23 a commodity charge based on water usage that exceeds 7,000 gallons per month at the rate of
24 \$7.00 per thousand gallons.
25
26

1 **Q. Please summarize Staff's recommended rate design for Rio Rico Sewer.**

2 A. Staff is recommending no changes in the monthly customer charges by meter size as follows:
3 5/8 x 3/4-inch \$49.00; 3/4-inch \$56.50; 1-inch \$69.10; 1 1/2-inch \$102.00; 2-inch \$141.50; 3-
4 inch \$246.50; 4-inch \$365.40; 6-inch \$694.40, 8-inch \$1,057.78, 10-inch \$1,585.07, and 12-inch
5 \$2,254.08. Staff recommends no change to the Commercial and Multi-tenant residential
6 customer's commodity charge based on water usage that exceeds 7,000 gallons per month so
7 that it remains at \$5.00 per thousand gallons. Staff is recommending no changes to the current
8 rate design due to the slight revenue decrease that Staff's revenue requirements indicate-. Staff's
9 recommended rates and charges are presented on Schedule TBH-1.
10

11 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in Rio**
12 **Rico Sewer?**

13 A. Rio Rico Sewer's proposed rates would increase the typical 5/8 x 3/4-inch meter residential
14 customer's monthly bill by \$5.83 or 11.90 percent, from \$49.00 to \$54.83. Under Staff's
15 recommended rates, a typical 5/8 x 3/4-inch meter residential customer would experience no
16 changes in their monthly bill, from \$49.00 to \$49.00. A typical bill analysis is provided on
17 Schedule TBH-2.
18

19 **OTHER CHARGES**

20 ***Bella Vista Water Company***

21 **Q. Did BV propose changes to service line and meter installation charges?**

22 A. Yes. BV proposes to change the current service line and meter installation charges to at cost.
23

24 **Q. What does Staff recommend for service line and meter installation charges?**

25 A. Staff recommends service line and meter installation charges at cost as discussed in Table AC
26 of the previously docketed Staff Engineering Report and as presented in Schedule TBH-1.

1 **Q. What does Staff recommend for other service charges?**

2 A. Staff's recommended other service charges are presented in Schedule TBH-1 and reflect Staff's
3 experience of what are reasonable and customary charges.
4

5 **Q. Did BV propose changes to the after-hours establishment and reconnection service**
6 **charges?**

7 A. Yes, Bella Vista proposes the elimination of the after-hours establishment and reconnection
8 service charges. BV proposes an additional fee for service provided after normal business
9 hours at a flat rate of \$50.00.
10

11 **Q. What does Staff recommend for the after-hours establishment and reconnection service**
12 **charges?**

13 A. Staff agrees that an additional fee for service provided after normal business hours is
14 appropriate. Staff recommends the elimination of the after-hours establishment and
15 reconnection service charges. Staff recommends a service charge at a flat rate for after-hours
16 service of \$50.00.
17

18 **Q. Did BV propose a decrease in the establishment charge of \$30.00?**

19 A. Yes, BV proposes a decrease in the establishment charge of \$30.00 to \$25.00.
20

21 **Q. Does Staff agree with the proposed establishment service charge?**

22 A. Yes. Staff agrees with the proposed establishment service charge of \$25.00.
23

24 **Q. Did BV propose a change to the reconnection (delinquent) service charge?**

25 A. Yes, BV proposes a reconnection (delinquent) at the cost of physical disconnection plus
26 establishment charge.

1 **Q. What does Staff recommend for the reconnection (delinquent) service charge?**

2 A. Staff recommends no change to the current charge of \$30.00.

3
4 **Q. Did BV propose to reduce the meter re-read (if correct) service charge?**

5 A. Yes, BV proposes to reduce the meter re-read (if correct) service charge from \$30.00 to \$20.00.

6
7 **Q. Does Staff agree with the proposed change to meter re-read (if correct) service charge?**

8 A. Yes. Staff agrees with the proposed meter re-read (if correct) service charge of \$20.00.

9
10 **Q. Did BV propose to reduce the NSF fee service charge?**

11 A. Yes, BV proposes to reduce the NSF fee service charge from \$15.00 to \$10.00.

12
13 **Q. Does Staff agree with the proposed change to the NSF fee service charge?**

14 A. Yes. Staff agrees with the proposed NSF fee service charge of \$10.00.

15
16 ***Rio Rico Water and Sewer Company – Water Division (“Rio Rico Water”)***

17 **Q. What does Staff recommend for other service charges?**

18 A. Staff’s recommended other service charges are presented in Schedule TBH-1 and reflect Staff’s
19 experience of what are reasonable and customary charges.

20
21 **Q. Did RRW propose an increase in the establishment charge?**

22 A. Yes, RRW proposes an increase in the establishment charge from \$15.00 to \$25.00.

23
24 **Q. Does Staff agree with the proposed establishment service charge?**

25 A. Yes. Staff agrees with the proposed establishment service charge of \$25.00.

26

1 **Q. Did RRW propose a change to the reconnection (delinquent) service charge?**

2 A. Yes, RRW proposes a reconnection (delinquent) at the cost of physical disconnection plus
3 establishment charge.

4
5 **Q. What does Staff recommend for the reconnection (delinquent) service charge?**

6 A. Staff recommends the reconnection (delinquent) service charge of \$20.00.
7

8 **Q. Did RRW propose to increase the meter test (if correct) service charge?**

9 A. Yes, RRW proposes to increase the meter test (if correct) service charge from \$15.00 to \$30.00.
10

11 **Q. What does Staff recommend for the meter test (if correct) service charge?**

12 A. Staff recommends the meter test (if correct) service charge of \$25.00.
13

14 **Q. Did RRW propose to reduce the NSF fee service charge?**

15 A. Yes, RRW proposes to reduce the NSF fee service charge from \$15.00 to \$10.00.
16

17 **Q. Does Staff agree with the proposed change to the NSF fee service charge?**

18 A. Yes. Staff agrees with the proposed NSF fee service charge of \$10.00. However, Staff
19 recommends that Rio Rico may only charge one NSF fee when customers are billed for water
20 and sewer services on one bill.
21

22 ***Rio Rico Water and Sewer Company – Sewer Division (“Rio Rico Sewer”)***

23 **Q. What does Staff recommend for other service charges?**

24 A. Staff’s recommended other service charges are presented in Schedule TBH-1 and reflect Staff’s
25 experience of what are reasonable and customary charges.
26

1 **Q. Did RRS propose an increase in the establishment charge?**

2 A. Yes, RRS proposes an increase in the establishment charge from \$15.00 to \$25.00.

3
4 **Q. Does Staff agree with the proposed establishment service charge?**

5 A. Yes. Staff agrees with the proposed establishment service charge of \$25.00.

6
7 **Q. Did the RRS propose a change to the reconnection (delinquent) service charge?**

8 A. Yes, RRS proposes a reconnection (delinquent) at the cost of physical disconnection plus
9 establishment charge.

10

11 **Q. What does Staff recommend for the reconnection (delinquent) service charge?**

12 A. Staff recommends the reconnection (delinquent) service charge of \$20.00.

13

14 **Q. Did RRS propose to reduce the NSF fee service charge?**

15 A. Yes, RRS proposes to reduce the NSF fee service charge from \$25.00 to \$10.00.

16

17 **Q. Does Staff agree with the proposed change to the NSF fee service charge?**

18 A. Yes. Staff agrees with the proposed NSF fee service charge of \$10.00. However, Staff
19 recommends that Rio Rico may only charge one NSF fee when customers are billed for water
20 and sewer services on one bill.

21

22 **Q. Does this conclude your rate design direct testimony?**

23 A. Yes, it does.

Liberty Utilities (Bella Vista Water) Corp.

Docket No. W-02465A-15-0367

Test Year December 31, 2014

Rate Design & Typical Bill Analysis

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8 x 3/4" Meter	\$15.00	\$19.20	\$16.75
3/4" Meter	15.00	28.80	25.13
1" Meter	35.00	48.00	41.88
1 1/2" Meter	70.00	96.00	83.75
2" Meter	120.00	153.60	134.00
3" Meter	240.00	307.20	268.00
4" Meter	375.00	480.00	418.75
6" Meter	750.00	960.00	837.50
8" Meter	1,200.00	1,536.00	1,340.00
10" Meter	0.00	2,208.00	1,926.25
12" Meter	0.00	4,128.00	3,601.25
Fire			Note 1
2"	\$10.00	\$10.00	\$10.00
3"	10.00	10.00	10.00
4"	10.00	10.00	10.00
6"	15.00	15.00	16.75
8"	35.00	35.00	26.80
10"	0.00	0.00	38.53
12"	0.00	0.00	72.03
3" Hydrant	240.00	240.00	268.00
Note 1 - Staff's recommended monthly charges are 2% of the monthly minimum for an equivalent sized meter or \$10, whichever is greater, for all meter sizes.			
Commodity Rates			
5/8 x 3/4" & 3/4" Meter - Residential			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 4,000 Gallons	\$1.45	\$2.07	\$1.76
From 4,001 to 10,000 Gallons	2.21	3.07	2.53
Over 10,000 Gallons	2.72	3.82	3.13
5/8 x 3/4" & 3/4" Meter - Commercial			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 4,000 Gallons	\$2.21	\$3.07	\$2.53
Over 4,000 Gallons	2.72	3.82	3.13
1" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 10,000 Gallons	\$2.21	\$3.07	\$2.53
Over 10,000 Gallons	2.72	3.82	3.13
1 1/2" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 26,000 Gallons	\$2.21	\$3.07	\$2.53
Over 26,000 Gallons	2.72	3.82	3.13
2" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 45,000 Gallons	\$2.21	\$3.07	\$2.53
Over 45,000 Gallons	2.72	3.82	3.13

RATE DESIGN

Page 2 of 3

	n	s	
--	---	---	--

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
3" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 98,000 Gallons	\$2.21	\$3.07	\$2.53
Over 98,000 Gallons	2.72	3.82	3.13
4" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 158,000 Gallons	\$2.21	\$3.07	\$2.53
Over 158,000 Gallons	2.72	3.82	3.13
6" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 327,000 Gallons	\$2.21	\$3.07	\$2.53
Over 327,000 Gallons	2.72	3.82	3.13
8" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 584,000 Gallons	\$2.21	\$3.07	\$2.53
Over 584,000 Gallons	2.72	3.82	3.13
10" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 870,000 Gallons	NT	\$3.07	\$2.53
Over 870,000 Gallons	NT	3.82	3.13
12" Meter - All Classes (except Standpipe)			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 1,500,000 Gallons	NT	\$3.07	\$2.53
Over 1,500,000 Gallons	NT	3.82	3.13
Standpipe/Hydrant/Bulk			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$2.72	\$3.82	\$3.13

[illegible]

RATE DESIGN									
									Page 3 of 3
Service Charges									
Establishment		\$30.00		\$25.00		\$25.00			
Establishment (After Hours)		45.00		remove		remove			
Reestablishment (within 12 months)		(1)		(1)		(1)			
Reconnection (Delinquent)		30.00		(2)		30.00			
Reconnection (Delinquent) (After hours)		45.00		remove		remove			
Meter Test (If Correct)		30.00		30.00		30.00			
Meter Re-Read (If Correct)		30.00		20.00		20.00			
Deposit		(3)		(3)		(3)			
Deposit Interest		(4)		6% (4)		(4)			
NSF Check		15.00		10.00		10.00			
Late Payment Penalty	1.5% per month		1.5% per month		1.5% per month				
Deferred Payment (R-01-2-409.G)	1.5% per month		1.5% per month		1.5% per month				
Moving meter at customer request (R-14-2-405.B)	At Cost		At Cost		At Cost				
Service Charge - Flat rate/After Hours (a)	50.00		50.00		50.00				
(1) Per Commission Rule A.A.C. R14-2-403D - Months off system times the minimum (2) Customer shall pay the cost of physical disconnection and Establishment charge (if same customer) and there should be no charge for disconnection if work is not performed. (3) Per Commission Rule A.A. C. R14-2-403 (B) (4) Per Commission Rule A.A. C. R14-2-403 (B) (a) At customer request. No charge for service during normal working hours.									
Off-site Facilities Hook-up Fees	Size Factor		Present Charge	Size Factor		Proposed Charge	Size Factor		Staff Recommended Charge
5/8 x 3/4 inch	1.0		\$1,600	1.0		\$1,600	1.0		\$1,600
3/4 inch	1.5		2,400	1.5		2,400	1.5		2,400
1 inch	2.5		4,000	2.5		4,000	2.5		4,000
1½ inch	5.0		8,000	5.0		8,000	5.0		8,000
2 inch	8.0		12,800	8.0		12,800	8.0		12,800
3 inch	16.0		25,600	16.0		25,600	16.0		25,600
4 inch	25.0		40,000	25.0		40,000	25.0		40,000
6 inch or large	50.0		80,000	50.0		80,000	50.0		80,000
In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission rule (R14-2-409.D 5).									

Page 3 of 3

Service Charges

Establishment	\$30.00	\$25.00	\$25.00
Establishment (After Hours)	45.00	remove	remove
Reestablishment (within 12 months)	(1)	(1)	(1)
Reconnection (Delinquent)	30.00	(2)	30.00
Reconnection (Delinquent) (After hours)	45.00	remove	remove
Meter Test (If Correct)	30.00	30.00	30.00
Meter Re-Read (If Correct)	30.00	20.00	20.00
Deposit	(3)	(3)	(3)
Deposit Interest	(4)	6% (4)	(4)
NSF Check	15.00	10.00	10.00
Late Payment Penalty	1.5% per month	1.5% per month	1.5% per month
Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month	1.5% per month
Moving meter at customer request (R-14-2-405.B)	At Cost	At Cost	At Cost
Service Charge - Flat rate/After Hours (a)	50.00	50.00	50.00

- (1) Per Commission Rule A.A.C. R14-2-403D - Months off system times the minimum
- (2) Customer shall pay the cost of physical disconnection and Establishment charge (if same customer) and there should be no charge for disconnection if work is not performed.
- (3) Per Commission Rule A.A. C. R14-2-403 (B)
- (4) Per Commission Rule A.A. C. R14-2-403 (B)
- (a) At customer request. No charge for service during normal working hours.

Off-site Facilities Hook-up Fees	Size Factor		Present Charge	Size Factor		Proposed Charge	Size Factor		Staff Recommended Charge
5/8 x 3/4 inch	1.0		\$1,600	1.0		\$1,600	1.0		\$1,600
3/4 inch	1.5		2,400	1.5		2,400	1.5		2,400
1 inch	2.5		4,000	2.5		4,000	2.5		4,000
1½ inch	5.0		8,000	5.0		8,000	5.0		8,000
2 inch	8.0		12,800	8.0		12,800	8.0		12,800
3 inch	16.0		25,600	16.0		25,600	16.0		25,600
4 inch	25.0		40,000	25.0		40,000	25.0		40,000
6 inch or large	50.0		80,000	50.0		80,000	50.0		80,000

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission rule (R14-2-409.D 5).

Liberty Utilities (Bella Vista Water) Corp.
Docket No. W-02465A-15-0367
Test Year December 31, 2014

Schedule TBH-2

TYPICAL BILL ANALYSIS						
General Service 5/8 x 3/4-Inch Meter						
Company Proposed	Gallons		Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,914		\$25.03	\$33.36	\$8.33	33.26%
Median Usage	4,500		\$21.91	\$29.02	\$7.11	32.46%
Staff Recommended						
Average Usage	5,914		\$25.03	\$28.62	\$3.59	14.35%
Median Usage	4,500		\$21.91	\$25.05	\$3.15	14.36%
Present & Proposed Rates (Without Taxes)						
General Service 5/8 x 3/4-Inch Meter						
Gallons	Present		Company Proposed	%	Staff Recommended	%
	Minimum Charge	\$15.00	Minimum Charge	\$19.20	Minimum Charge	\$16.75
	1st Tier Rate	\$1.45	1st Tier Rate	\$2.07	1st Tier Rate	\$1.76
	1st Tier Break-over	4,000	1st Tier Break-over	4,000	1st Tier Break-over	4,000
	2nd Tier Rate	\$2.21	2nd Tier Rate	\$3.07	2nd Tier Rate	\$2.53
	2nd Tier Break-over	10,000	2nd Tier Break-over	10,000	2nd Tier Break-over	10,000
	3rd Tier Rate	\$2.72	3rd Tier Rate	\$3.82	3rd Tier Rate	\$3.13
Consumption	Rates		Rates	Increase	Rates	Increase
-	\$15.00		\$19.20	28.00%	\$16.75	11.67%
1,000	\$16.45		\$21.27	29.30%	\$18.51	12.52%
2,000	\$17.90		\$23.34	30.39%	\$20.27	13.24%
3,000	\$19.35		\$25.41	31.32%	\$22.03	13.85%
4,000	\$20.80		\$27.48	32.12%	\$23.79	14.38%
5,000	\$23.01		\$30.55	32.77%	\$26.32	14.36%
6,000	\$25.22		\$33.62	33.31%	\$28.84	14.35%
7,000	\$27.43		\$36.69	33.76%	\$31.37	14.35%
8,000	\$29.64		\$39.76	34.14%	\$33.89	14.34%
9,000	\$31.85		\$42.83	34.47%	\$36.42	14.33%
10,000	\$34.06		\$45.90	34.76%	\$38.94	14.33%
11,000	\$36.27		\$49.02	35.18%	\$42.07	14.37%
12,000	\$39.50		\$53.54	35.54%	\$45.19	14.41%
13,000	\$42.22		\$57.36	35.86%	\$48.32	14.44%
14,000	\$44.94		\$61.18	36.14%	\$51.44	14.46%
15,000	\$47.66		\$65.00	36.38%	\$54.57	14.49%
16,000	\$50.38		\$68.82	36.60%	\$57.69	14.51%
17,000	\$53.10		\$72.64	36.80%	\$60.82	14.53%
18,000	\$55.82		\$76.46	36.98%	\$63.94	14.55%
19,000	\$58.54		\$80.28	37.14%	\$67.07	14.56%
20,000	\$61.26		\$84.10	37.28%	\$70.19	14.58%
25,000	\$74.86		\$103.20	37.86%	\$85.82	14.63%
30,000	\$88.46		\$122.30	38.25%	\$101.44	14.67%
35,000	\$102.06		\$141.40	38.55%	\$117.07	14.70%
40,000	\$115.66		\$160.50	38.77%	\$132.69	14.72%
45,000	\$129.26		\$179.60	38.94%	\$148.32	14.74%
50,000	\$142.86		\$198.70	39.09%	\$163.94	14.76%
75,000	\$210.86		\$294.20	39.52%	\$242.07	14.80%
100,000	\$278.86		\$389.70	39.75%	\$320.19	14.82%

Liberty Utilities (Rio Rico Water & Sewer) Corp.

Water Division

Docket No. WS-02676A-15-0368

Test Year December 31, 2014

Rate Design & Typical Bill Analysis

RATE DESIGN			
Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8 x 3/4" Meter	\$15.46	\$18.90	\$17.50
3/4" Meter	23.19	28.35	26.25
1" Meter	38.65	47.25	43.75
1½" Meter	77.30	94.50	87.50
2" Meter	123.68	151.20	140.00
3" Meter	247.36	302.40	280.00
4" Meter	366.50	472.50	437.50
6" Meter	773.00	945.00	875.00
8" Meter	1,236.80	1,512.00	1,400.00
10" Meter	1,777.90	2,173.50	2,012.50
12" Meter	3,323.90	4,063.50	3,762.50
Morningstar Ranch	549.00	671.00	610.00
Fire			Note 1
2"	\$0.00	\$0.00	\$10.00
3"	0.00	0.00	10.00
4"	0.00	0.00	10.00
6"	0.00	0.00	17.50
8"	0.00	0.00	28.00
10"	0.00	0.00	40.25
12"	0.00	0.00	75.25
Note 1 - Staff's recommended monthly charges are 2% of the monthly minimum for an equivalent sized meter or \$10, whichever is greater, for all meter sizes.			
Commodity Rates			
5/8 x 3/4" - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 3,000 Gallons	\$1.49	\$1.94	\$1.80
From 3,001 to 9,000 Gallons	2.98	3.59	\$3.34
Over 9,000 Gallons	3.49	4.34	\$4.00
3/4" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 4,000 Gallons	\$2.98	\$3.59	\$3.34
Over 4,000 Gallons	3.49	4.34	4.00
1" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 23,000 Gallons	\$2.98	\$3.59	\$3.34
Over 23,000 Gallons	3.49	4.34	4.00
1½" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 45,000 Gallons	\$2.98	\$3.59	\$3.34
Over 45,000 Gallons	3.49	4.34	4.00

RATE DESIGN

Page 2 of 3

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
2" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 72,000 Gallons	\$2.98	\$3.59	\$3.34
Over 72,000 Gallons	3.49	4.34	4.00
3" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 144,000 Gallons	\$2.98	\$3.59	\$3.34
Over 144,000 Gallons	3.49	4.34	4.00
4" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 225,000 Gallons	\$2.98	\$3.59	\$3.34
Over 225,000 Gallons	3.49	4.34	4.00
6" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 450,000 Gallons	\$2.98	\$3.59	\$3.34
Over 450,000 Gallons	3.49	4.34	4.00
8" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 720,000 Gallons	\$2.98	\$3.59	\$3.34
Over 720,000 Gallons	3.49	4.34	4.00
10" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 1,025,000 Gallons	\$2.98	\$3.59	\$3.34
Over 1,025,000 Gallons	3.49	4.34	4.00
12" Meter - All Classes			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
From 1 to 1,025,000 Gallons	\$2.98	\$3.59	\$3.34
Over 1,025,000 Gallons	3.49	4.34	4.00
Morningstar Ranch			
All Gallons	\$4.79	\$5.64	\$5.20

Page 3 of 3

Service Line and Meter Installation Charges	Present Rates			Company Proposed Rates			Staff Recommended Rates		
	Service Line	Meter Charge	Total Charge	Service Line	Meter Charge	Total Charge	Service Line	Meter Charge	Total Charge
5/8" x 3/4" Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3/4" Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
1" Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
1½" Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
2" Turbine Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
2" Compound Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3" Turbine Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
Service Charges									
Establishment			\$15.00			\$25.00			\$25.00
Reestablishment (within 12 months)			(1)			(1)			(1)
Reconnection (Delinquent)			15.00			(2)			20.00
Meter Test (If Correct)			15.00			30.00			25.00
Meter Re-Read (If Correct)			20.00			20.00			20.00
Deposit			(3)			(3)			(3)
Deposit Interest			(3)			(3)			(3)
NSF Check			15.00 (a)			10.00 (a)			10.00 (a)
Late Payment Penalty	1.5% per month			1.5% per month			1.5% per month		
Deferred Payment (R-01-2-409.G)	1.5% per month			1.5% per month			1.5% per month		
Moving meter at customer request (R-14-2-405.B)			At Cost			At Cost			At Cost
After Hours Service Call Charge (b)			50.00			50.00			50.00
(1) Per Commission Rule A.A.C. R14-2-403D - residential and non-residential shall pay the applicable monthly minimum charge times the number of months disconnected.									
(2) Customer shall pay the cost of physical disconnection and Establishment charge (if same customer) and there share be no charge for disconnection if work is not performed.									
(3) Per Commission Rule A.A. C. R14-2-403 (B)									
(a) Rio Rico many only charge <u>one</u> NSF fee when customers are billed for water and sewer services on <u>one</u> bill.									
(b) At customer's request. No charge for service during normal working hours.									
In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission rule (R14-2-409.D 5).									

TYPICAL BILL ANALYSIS						
General Service 5/8 x 3/4-Inch Meter						
Company Proposed	Gallons		Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,829		\$31.34	\$38.47	\$7.13	22.74%
Median Usage	5,000		\$25.89	\$31.90	\$6.01	23.21%
Staff Recommended						
Average Usage	6,829		\$31.34	\$35.69	\$4.35	13.87%
Median Usage	5,000		\$25.89	\$29.58	\$3.69	14.25%
Present & Proposed Rates (Without Taxes)						
General Service 5/8 x 3/4-Inch Meter						
Gallons	Present		Company Proposed	%	Staff Recommended	%
	Minimum Charge	\$15.46	Minimum Charge	\$18.90	Minimum Charge	\$17.50
	1st Tier Rate	\$1.49	1st Tier Rate	\$1.94	1st Tier Rate	\$1.80
	1st Tier Break-over	3,000	1st Tier Break-over	3,000	1st Tier Break-over	3,000
	2nd Tier Rate	\$2.98	2nd Tier Rate	\$3.59	2nd Tier Rate	\$3.34
	2nd Tier Break-over	9,000	2nd Tier Break-over	9,000	2nd Tier Break-over	9,000
	3rd Tier Rate	\$3.49	3rd Tier Rate	\$4.34	3rd Tier Rate	\$4.00
Consumption	Rates		Rates	Increase	Rates	Increase
-	\$15.46		\$18.90	22.25%	\$17.50	13.20%
1,000	\$16.95		\$20.84	22.95%	\$19.30	13.86%
2,000	\$18.44		\$22.78	23.54%	\$21.10	14.43%
3,000	\$19.93		\$24.72	24.03%	\$22.90	14.90%
4,000	\$22.91		\$28.31	23.57%	\$26.24	14.54%
5,000	\$25.89		\$31.90	23.21%	\$29.58	14.25%
6,000	\$28.87		\$35.49	22.93%	\$32.92	14.03%
7,000	\$31.85		\$39.08	22.70%	\$36.26	13.85%
8,000	\$34.83		\$42.67	22.51%	\$39.60	13.70%
9,000	\$37.81		\$46.26	22.35%	\$42.94	13.57%
10,000	\$41.30		\$50.60	22.52%	\$46.94	13.66%
11,000	\$44.79		\$54.94	22.66%	\$50.94	13.73%
12,000	\$48.28		\$59.28	22.78%	\$54.94	13.79%
13,000	\$51.77		\$63.62	22.89%	\$58.94	13.85%
14,000	\$55.26		\$67.96	22.98%	\$62.94	13.90%
15,000	\$58.75		\$72.30	23.06%	\$66.94	13.94%
16,000	\$62.24		\$76.64	23.14%	\$70.94	13.98%
17,000	\$65.73		\$80.98	23.20%	\$74.94	14.01%
18,000	\$69.22		\$85.32	23.26%	\$78.94	14.04%
19,000	\$72.71		\$89.66	23.31%	\$82.94	14.07%
20,000	\$76.20		\$94.00	23.36%	\$86.94	14.09%
25,000	\$93.65		\$115.70	23.55%	\$106.94	14.19%
30,000	\$111.10		\$137.40	23.67%	\$126.94	14.26%
35,000	\$128.55		\$159.10	23.77%	\$146.94	14.31%
40,000	\$146.00		\$180.80	23.84%	\$166.94	14.34%
45,000	\$163.45		\$202.50	23.89%	\$186.94	14.37%
50,000	\$180.90		\$224.20	23.94%	\$206.94	14.39%
75,000	\$268.15		\$332.70	24.07%	\$306.94	14.47%
100,000	\$355.40		\$441.20	24.14%	\$406.94	14.50%

Liberty Utilities (Rio Rico Water & Sewer) Corp.

Sewer Division

Docket No. WS-02676A-15-0368

Test Year December 31, 2014

Rate Design & Typical Bill Analysis

RATE DESIGN						
Monthly Service Charge Meter Size (All Classes):		Present Rates ^{1,2}	Company Proposed ^{1,2}	Percent Increase	Staff Recommended ^{1,2}	Percent Increase
5/8 Inch		\$49.00	\$54.83	11.90%	\$49.00	0.00%
3/4 Inch		56.50	63.22	11.89%	56.50	0.00%
1 Inch		69.10	77.32	11.90%	69.10	0.00%
1 1/2 Inch		102.00	114.14	11.90%	102.00	0.00%
2 Inch		141.50	158.34	11.90%	141.50	0.00%
3 Inch		246.50	275.83	11.90%	246.50	0.00%
4 Inch		365.40	408.88	11.90%	365.40	0.00%
6 Inch		694.40	777.03	11.90%	694.40	0.00%
8 Inch		1,057.78	1,183.66	11.90%	1,057.78	0.00%
10 Inch		1,585.07	1,773.69	11.90%	1,585.07	0.00%
12 Inch		2,254.08	2,522.32	11.90%	2,254.08	0.00%
Commodity Rates (Commercial and Multi-tenant Only) ¹		Block	Present Rates ^{1,2}	Company Proposed ^{1,2}	Staff Recommended ^{1,2}	
All Meter Sizes		0 gallons to 7,000 gallons	\$0.00	\$0.00	\$0.00	
		over 7,000 gallons	5.00	7.00	5.00	
¹ Low Income Tariff - a 15% discount is available on a monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.						
² a 5% discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company.						
Service Charges:		Present Rates	Company Proposed		Staff Recommended	
Establishment		\$15.00	\$25.00		\$25.00	
Re-establishment		(1)	(1)		(1)	
Re-connection (Delinquent)		15.00	(2)		20.00	
Deposit		(2)	(2)		(2)	
Deposit Interest		(2)	(2)		(2)	
NSF Check		25.00 (a)	10.00 (a)		10.00 (a)	
Late Payment Penalty		1.5% per month	1.5% per month		1.5% per month	
Deferred Payment		1.5% per month	1.5% per month		1.5% per month	
Service Charge - after hours (b)		50.00	50.00		50.00	
(1) Per Commission Rule A.A.C. R14-2-603(D) - Months off the system times the monthly minimum.						
(2) Per Commission Rule A.A.C. R14-2-603(B)						
(a) Rio Rico may only charge one NSF fee when customers are billed for water and sewer services on one bill.						
(b) At customers request. No charge for service during normal working hours.						
In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax.						

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division
Docket No. WS-02676A-15-0368
Test Year December 31, 2014

Schedule TBH-2

TYPICAL BILL ANALYSIS					
Type of Customer	Present	Company Proposed	% Increase	Staff Recommended	% Increase
Residenital Service - Per single family unit	\$49.00	\$54.83	11.90%	\$49.00	0.00%
Commercial 1 inch	69.10	77.32	11.90%	69.10	0.00%